

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 ISO-00 AGRE-00 CEA-01 CIAE-00
DODE-00 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04
NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15 STR-07
ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 SOE-02 OMB-01
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TO SECSTATE WASHDC 9038
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INFO AMCONSUL HONG KONG
AMEMBASSY SINGAPORE
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LIMITED OFFICIAL USE BANGKOK 3185

EO 11652: N/A
TAGS: ETRD TH
SUBJECT: RTG BANS LUXURY IMPORTS - TIGHTENS CONSUMER CREDIT

REF: A) BANGKOK 2285, B) BANGKOK 653

BEGIN UNCLASSIFIED

1. IN A LONG-EXPECTED MOVE TO COUNTER THE COUNTRY'S WIDENING FOREIGN TRADE DEFICIT, THE RTG ANNOUNCED AN IMMEDIATE BAN ON SOME 18 LUXURY IMPORT ITEMS. (IN GENERAL, THESE GOODS ARE EITHER MANUFACTURED OR ASSEMBLED IN THAILAND.) ADDITIONALLY, THE BANK OF THAILAND HAS INSTRUCTED COMMERCIAL BANKS TO FREEZE THEIR CREDITS TO FINANCE FIRMS INVOLVED IN FINANCING PASSENGER CARS, VANS, AND PICKUPS AT A MAXIMUM OF 5 PERCENT ABOVE CURRENT CREDIT LEVELS. THE BANK OF THAILAND ALSO INCREASED ITS BANK RATE FROM 9 PERCENT TO 10.5 PERCENT PER ANNUM IN ORDER TO CONTROL LINES OF CREDIT FOR IMPORTERS. ON THE OTHER HAND,
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THE BANK WILL ASSIST EXPORT-ORIENTED INDUSTRIES BY HELPING THEM PACKAGE CREDIT TERMS IN EXCESS OF 180 DAYS.

2. THE ANNOUNCEMENT LABELED THESE MEASURES AS TEMPORARY AND ADDED THAT THEY WOULD BE REMOVED WHEN THE DEFICIT SITUATION IMPROVES SATISFACTORILY. WITHOUT THIS BAN, ACCORDING TO THE RTG SOURCE, THE TRADE DEFICIT WOULD AMOUNT

TO SOME 30 BILLION BAHT (\$1.5 BILLION) IN 1978. THE LIST
OF BANNED ITEMS IS AS FOLLOWS:

ITEM NO.

87.02 MOTOR VEHICLES FOR THE TRANSPORT OF PERSONS, INCLUDING
SPORTS CARS

87.09 MOTORCYCLES

48.21 TOILET PAPERS AND FACIAL TISSUES

08.04 GRAPES, FRESH OR DRIED

08.06 APPLES, PEARS AND QUINCES, FRESH

08.12 DRIED FRUITS OTHER THAN DATES, BANANAS, COCONUTS,
CASHEW NUTS, PINEAPPLES, AVOCADOS, MANGOES, GUAVAS AND
MANGOSTEENS, CITRUS FRUIT, FIGS, GRAPES OR BETEL NUTS

16.04 SHARKS' FIN

17.04 SUGAR CONFECTIONERY AND SWEETS THAT DO NOT CONTAIN
COCOA

19.08 PASTRY, BISCUITS, CAKES AND OTHER FINE BAKERS' WARES,
CONTAINING COCOA OR OTHERWISE
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20.07 FRUIT JUICES (INCLUDING GRAPE MUST) AND VEGETABLE
JUICES, WHETHER OR NOT CONTAINING ADDED SUGAR, BUT UNDERMENTED
AND NOT CONTAINING SPIRIT

42.02 TRAVEL GOODS (FOR EXAMPLE, TRUNKS, SUITCASES,
HAT-BOXES, TRAVELLING BAGS, HAVERSACKS, KNAPSACKS,
RUCKSACKS, KITBAGS), HANDBAGS, WALLETS, PURSES,
SATCHELS, BRIEFCASES, COLLAR-BOXES, DRESSING CASES,
POUCHES, TOILET-BAGS, TOOLCASES AND SIMILAR CONTAINERS
MADE OF LEATHER OR OF COMPOSITION LEATHER,
OF VULCANIZED FIBRE, OF ARTIFICIAL PLASTIC SHEETING,
OF PAPERBOARD OR OF TEXTILE FABRIC.

49.09 PICTURE POSTCARDS, PICTURE GREETING CARDS PRINTED
BY ANY PROCESS, WITH OR WITHOUT TRIMMINGS

40.10 CALENDARS OF ANY KIND, OF PAPER OR PAPERBOARD,
INCLUDING CALENDAR BLOCKS

68.02 WORKED MONUMENTAL OR BUILDING STONES AND ARTICLES
THEREOF (INCLUDING MOSAIC CUBES), OTHER THAN ROAD

AND PAVING SETTS, CURBS AND FLAGSTONES, OF NATURAL STONES (EXCEPT SLATE); OR THOSE UNDER CHAPTER 69 UNDER THE HEADING OF CERAMIC PRODUCTS.

69.07 UNGLAZED SETTS, FLAGS AND PAVING, HEARTH AND WALL TILES

69.08 GLAZED SETTS, FLAGS AND PAVING, HEARTH AND WALL TILES

69.10 SINKS, WASH BASINS, BIDETS, WATER CLOSET PANS, URINALS, BATHS AND LIKE SANITARY FITTINGS

69.11 TABLEWARD AND OTHER ARTICLES OF A KIND COMMONLY LIMITED OFFICIAL USE

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USED FOR DOMESTIC OR TOILET PURPOSES, MADE OF PORCELAIN OR CHINA (INCLUDING BISCUIT PORCELAIN AND PARIAN). END UNCLASSIFIED

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3. ACCORDING TO EMBASSY SOURCES THESE MEASURES WERE STRONGLY CONTESTED, BUT WITHOUT ACRIMONY, WITHIN THE GOVERNMENT, WITH THE LOSING FACTION HAVING HELD OUT FOR SUBSTANTIALLY INCREASED TARIFFS. BUSINESSMEN BELIEVE HIGH TARIFFS ARE PLANNED, AFTER CHINESE NEW YEAR, FOR OTHER LUXURY ITEMS NOT ON BANNED LIST, INCLUDING COLOR T.V. AND APPLIANCES. REACTION IS IMPORTS WILL STILL CONTINUE AT HIGHER RATES. CALL MONEY MARKET RATE IN BANGKOK ROSE FROM 9.5 TO 11.5 PERCENT, ACCORDING TO BANKING SOURCES.

4. COMMENT: EMBASSY WOULD REGARD THESE MEASURES AS BOTH REASONABLE AND MODERATE IN HELPING THAILAND STEM ITS TRADE DEFICIT. THE KRIANGSAK GOVERNMENT DESERVES GOOD MARKS FOR THIS DECISION. SHOULD THE TRADE DEFICIT NOT BE ARRESTED, WE CAN ANTICIPATE ADDITIONAL CONTROL MEASURES. WHITEHOUSE

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